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SECURITIES AND EXCHANGE COMMISSION
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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

SEIDEL & SHAW L.L.C.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

40 EXCHANGE PLACE, 15TH FLOOR

(No. and Street)

New York

(City)

New York

(State)

10005

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

ALAN D. SEIDEL

(212) 269-9008

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC

(Name - if individual, state last, first, middle name)

183 MADISON AVENUE, SUITE 204

(Address)

New York

(City)

New York

(State)

10016

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

PROCESSED

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FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

3/19

OATH OR AFFIRMATION

I, Alan D. Seidel, Managing Member, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Seidel & Shaw L.L.C. (Company), as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the Company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Bineeta Singh

BINEETA SINGH, NOTARY PUBLIC
State of New York, NO. 01SI6051108
Qualified in New York County
Commission Expires November 20, 20¹⁰

[Signature]

Alan D. Seidel, Managing Member

Sworn and subscribed to before me this 26th day of February, 2008.

This report contains (check all applicable boxes):

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| () | (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable). | |
| () | (j) A Reconciliation, including Appropriate Explanations, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Rule 15c3-3 (not applicable). | |
| () | (k) A Reconciliation Between the Audited and Unaudited Consolidated Statements of Financial Condition With Respect to Methods of Consolidation (not applicable). | |
| (x) | (l) An Affirmation. | |
| () | (m) A Copy of the SIPC Supplemental Report (not applicable). | |
| (x) | (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control). | 9 - 10 |



Certified Public Accountants, PLLC

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Report of Independent Certified Public Accountants

To the Members of
Seidel & Shaw L.L.C.

We have audited the accompanying balance sheet of Seidel & Shaw L.L.C., as of December 31, 2007 and the related statements of operations, changes in member's equity, and cash flows for the year then ended. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seidel & Shaw L.L.C. at December 31, 2007, and the results of its operations, changes in member's equity, and cash flows for the year then ended in conformity with U.S. generally accepted accounting principals.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VB&T CPAs PLLC

New York, NY
February 26, 2008

SEIDEL & SHAW L.L.C.
BALANCE SHEET
DECEMBER 31, 2007

ASSETS

Cash and cash equivalents		\$ 242,778
Receivable from clearing broker		25,251
Clearing deposit, at market:		
U.S. Treasury Note	\$104,547	
Equity securities	17,664	
Corporate bond	<u>515,266</u>	637,477
Investments, at market:		
Money market funds	13,004	
Equity securities	440,453	
Corporate bonds	207,795	
Option	<u>16,725</u>	677,977
Other		<u>14,974</u>
Total Assets		<u><u>\$ 1,598,457</u></u>

LIABILITIES AND MEMBER'S EQUITY

Cash and cash equivalents overdraft	\$ 16
Accounts payable and accrued expenses	9,757
Securities sold not yet purchased, at market	165,863
Commissions and payroll taxes payable	<u>409,868</u>
Total Liabilities	<u>585,504</u>
Contingencies	-
Member's equity	<u>1,012,953</u>
Total Liabilities and Member's Equity	<u><u>\$ 1,598,457</u></u>

See Independent Accountants' Report and Accompanying Notes

SEIDEL & SHAW L.L.C.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

Revenues:	
Commissions	\$ 73,258
Interest and dividends	119,406
Gain on securities trading accounts	6,559,702
Other	<u>90,626</u>
Total Revenues	<u>6,842,992</u>
Costs and Expenses:	
Salaries and related taxes and benefits	4,743,401
Consulting fees	1,391,312
Clearing expenses	631,891
Regulatory fees	40,357
Professional fee	13,924
Quote	9,536
Office	9,252
Commission expense	5,885
Depreciation	<u>482</u>
Total Costs and Expenses	<u>6,846,040</u>
Net (Loss)	<u>\$ (3,048)</u>

See Independent Accountants' Report and Accompanying Notes

SEIDEL & SHAW L.L.C.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

Cash Flows From Operating Activities:	
Net (Loss)	\$ (3,048)
Depreciation	482
Adjustment to reconcile net income to net cash provided by operating activities:	
(Increase) in receivable from clearing broker	(25,251)
Decrease in clearing deposit account	27,859
Decrease in investments, at market	67,228
(Increase) in other assets	(14,974)
(Decrease) in bank overdraft	(5,576)
(Decrease) in accounts payable and accrued expenses	(53,962)
Increase in securities sold not yet purchased, at market	22,980
Increase in commissions and payroll taxes payable	228,293
(Decrease) in collateral security	(61,054)
(Decrease) in payable to clearing broker	<u>(35,443)</u>
Net Cash Provided By Operating Activities	<u>147,534</u>
Cash Flows From Investing Activities:	
Net Cash Provided by Investing Activities	<u>-</u>
Cash Flows From Financing Activities:	
Net Cash Provided By Financing Activities:	<u>-</u>
Net Increase In Cash	147,534
Cash and equivalents at beginning of the year	<u>95,244</u>
Cash and equivalents at end of the year	<u><u>\$ 242,778</u></u>

See Independent Accountants' Report and Accompanying Notes

SEIDEL & SHAW L.L.C.
STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Total Member's Equity</u>
Balance, January 1, 2007	\$ 1,016,001
Net (Loss)	<u>(3,048)</u>
Balance, December 31, 2007	<u>1,012,953</u>

See Independent Accountants' Report and Accompanying Notes

SEIDEL & SHAW L.L.C.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. ORGANIZATION AND NATURE OF BUSINESS

Seidel & Shaw L.L.C. (Company) was organized in the State of New York on October 21, 1996, and is registered as a broker-dealer in securities transactions under the Securities Exchange Act of 1934. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is a wholly-owned subsidiary of Seidel & Shaw Holdings LLC. The Company has adopted December 31 as its year end.

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including riskless principal transactions, principal and agency transactions.

The Company clears all of its transactions through a securities clearing broker. The Company acts as a broker-dealer and is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k(2)(i) since it uses other security firms for clearing.

Pursuant to an agreement between the Company and Penson Financial Services, Inc. (PFSI), securities transactions of the Company are cleared through PFSI, and its customers are introduced and cleared on a fully disclosed basis. The Company is exempt from provisions of Rule 15c3-3 and is not responsible for compliance with Section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System, as all customers' accounts, as defined by such rules, are carried by PFSI.

In addition, the firm also does DVP vs. RVP transactions with money manager and institution accounts.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenues

Profits and losses from commissions realized on agency transactions, riskless principal transactions and principal transactions are recorded on a settlement date, which is not materially different than recording transactions on a trade date. The riskless principal transactions are done with customers. The principal transactions are done with other broker dealers.

Investments and Clearing Deposit

Investment securities and securities carried in the clearing deposit account are valued at market value. The resulting difference between market value and cost is included in income.

Furniture and Fixtures

Furniture and fixtures are carried at cost. Depreciation is provided using accelerated methods over their estimated useful lives of five years.

Income Taxes

The Company is a limited liability Company taxed as partnership and therefore, the accompanying financial statements do not include any provision for federal or state income taxes. Each member of the Company is individually responsible for reporting his share of the

SEIDEL & SHAW L.L.C.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

Company's income or loss. The Company is responsible for New York City Unincorporated Business Taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. RELATED PARTY

The Company pays monthly amounts to its parent company as management fees for services provided to the Company under a non-recourse agreement.

4. NET CAPITAL REQUIREMENTS

The Company is a member of the FINRA and subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of \$100,000 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2007 the Company had net capital of \$834,783 which was \$734,783 in excess of the amount required.

5. CONTINGENCIES

In the normal course of business, the Company is engaged in various trading and brokerage activities, including agency and principal transactions through a clearing broker.

In connection with these activities, a customer's unsettled transactions may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contractual obligations.

Significant credit exposure may result in the event that the Company's clearing broker is unable to fulfill their contractual obligations.

SEIDEL & SHAW L.L.C.
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2007

NET CAPITAL:	
Total member's equity	\$ 1,012,953
Deductions and/or charges:	
Non-allowable assets:	
Other assets	<u>14,974</u>
Net capital before haircuts on securities positions	<u>997,979</u>
Haircuts on securities positions	<u>159,706</u>
Undue concentration	<u>3,490</u>
Net Capital	<u><u>\$ 834,783</u></u>
AGGREGATE INDEBTEDNESS:	
Items included in the statement of financial condition:	
Accounts payable and accrued expenses	<u><u>\$ 419,641</u></u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:	
Minimum net capital required (6-2/3% of aggregate indebtedness)	<u><u>\$ 27,976</u></u>
Minimum net capital required	<u><u>\$ 100,000</u></u>
Excess net capital	<u><u>\$ 734,783</u></u>
Excess net capital at 1,000%	<u><u>\$ 792,819</u></u>
Percentage of aggregate indebtedness to net capital is	<u>50%</u>

The above computation does not differ materially from the December 31, 2007 computation of net capital filed electronically by the Company on FOCUS Form X-17A-5 Part IIA.



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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5

To the Members of
Seidel & Shaw L.L.C.

In planning and performing our audit of the financial statements and supplementary information of Seidel & Shaw L.L.C. (the "Company") for the year ended December 31, 2007, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following: 1) Making quarterly securities examinations, counts, verifications and comparisons; 2) Recordation of differences required by Rule 17a-13, or, 3) Complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007, to meet the Commission's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA), and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

VB & T CPAs' PLLC

New York, NY
February 26, 2008

END